



FEDERAL TRADE COMMISSION

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FTC Staff Supports North Carolina Legislative Proposal to Limit Certificate of Need Rules for Health Care Facilities

FOR YOUR INFORMATION

July 13, 2015

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Federal Trade Commission staff has submitted [comments to North Carolina State Representative Marilyn W. Avila](#) in response to her request for a comment on the possible competitive effects of a legislative proposal to narrow North Carolina's Certificate of Need (CON) laws. Although they vary considerably by state, CON laws, including North Carolina's, typically require healthcare providers to obtain state approval before expanding, establishing new facilities or services, or making certain large capital expenditures.

The comment, submitted by staff of the FTC's Office of Policy Planning, Bureau of Competition, and Bureau of Economics, concerns North Carolina House Bill 200 (HB200), which would exempt diagnostic centers, ambulatory surgical facilities and psychiatric hospitals from the CON process.

The staff comment expresses support for HB200. "CON laws raise considerable competitive concerns and generally do not appear to achieve their alleged benefits for health care consumers," the staff comment states. As the comment explains, CON laws can restrict entry and expansion, limit consumer choice, and stifle innovation. Additionally, the CON process can be exploited by firms to thwart or delay entry by new competitors and can obstruct efforts to restore competition that has been lost to an anticompetitive merger. "For these reasons, FTC staff supports HB200."

The Commission vote approving the comment was 5-0. [Commissioner Wright issued a separate concurring comment](#). (FTC File No. V150009; the staff contact is Ellen Connelly, Office of Policy Planning, 202-326-2532.)

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